

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The President will be notified of the Senate's action.

LEGISLATIVE SESSION

MORNING BUSINESS

Mr. McCONNELL. Mr. President, I ask unanimous consent that there now be a period of morning business with Senators permitted to speak therein for up to 10 minutes.

The PRESIDING OFFICER (Mr. CORNYN). Without objection, it is so ordered.

The Senator from Pennsylvania.

CONFIRMATION OF ALBERTO GONZALES

Mr. SPECTER. Mr. President, I thank my colleagues for the affirmative vote in support of Judge Gonzales to be the next Attorney General of the United States. The final vote of 60 to 36 reflects a degree of bipartisanship.

Judge Gonzales takes on this heavy mantle of responsibility as Attorney General of the United States being very well qualified to do so. He has worked as White House Counsel, as we all know, for 4 years, and has worked closely with many, if not most, of the Senators who have had judicial nominations which have come to him. I put into the RECORD many laudatory, complimentary statements which were made about Judge Gonzales for his work as White House Counsel.

Regrettably, the incidents at Abu Ghraib and Guantanamo—particularly at Abu Ghraib—are a major blemish. At Guantanamo the problem is still under investigation. Those incidents, realistically viewed, were not the responsibility of Judge Gonzales. His role was a limited one. It is up to the Department of Justice to provide legal opinions as to the scope of appropriate conduct, up to the experts in the Department of Defense, the CIA to formulate the questions. But 60 votes is good, sound support for Judge Gonzales. I am pleased to see his confirmation has been approved by the Senate. We have consented to the President's nomination.

In my capacity as chairman of the Judiciary Committee, I look forward to working with Attorney General Gonzales.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I ask unanimous consent to speak for 15 minutes in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SECURITY

Mr. DORGAN. Mr. President, we are embarking on a debate with respect to

the subject of Social Security. Last evening, the President gave a State of the Union Address and today is traveling around the country to talk about a very important issue, Social Security.

In many ways the issue is about values. There has been a great deal of discussion about values in this country, especially as it applies to political debates. I think the debate about the Social Security system is a debate about values.

Some months ago, a friend of mine died in a small community in North Dakota. I sent some flowers and called. He was a man in his eighties. He lived a great life. He was a wonderful person. I got a note from his wife. Here is what she said about her husband. She said: Oscar always helped his neighbors and he always looked out for those who did not have it so good. That is all she said. But what a wonderful description of someone's value system and of someone's life: He always helped his neighbors and always looked out for those who did not have it so good.

In many ways that prompted the origin of the Social Security program. In the 1930s, one-half of America's senior citizens were living in poverty.

When I was a young boy, my father asked me, in the town of 300 people where we lived, to drive an old fellow to the hospital. The man lived alone in a very small shack. He did not have any relatives. He lived alone, and he was quite sick. My dad asked if I would drive him to the hospital. The nearest hospital was 60 miles away.

I went over and picked him up and drove him to the hospital. He never made it back. But this old man, who was then sick and did not have very much, lived on Social Security. The only thing he had was a small Social Security check, but it was the difference for that man between not having money to buy food, not having money to live, and being able to survive.

I know—and my colleagues know—how critically important Social Security has been to so many of America's elderly. Yes, I am talking about the people who built this country. I am talking about the people who built America's schools and roads and worked in America's factories. They are the people who turned this country into the strongest economy in the world, a beacon of hope for all people. Then they grow old and retire, and they reach their declining income years. The question is, what is there for them?

The one thing that for 70 years has always been there for them is something called Social Security. No, it is not an investment program. It is an insurance program. The money that goes into the Social Security system comes out of paychecks in something called the FICA tax. The FICA is not for investment. The "I" stands for "insurance." Social Security has been a core insurance program. It provides insur-

ance with respect to benefits for those who retire. It provides benefits for those who are disabled, and it provides benefits for dependent children. For example, when the breadwinner of the house lost their life, dependent children received the benefits. So it is more than a retirement program, but it is also that. It is the risk-free portion of retirement. It is the piece that for 70 years the American elderly could count on. They would know it would be there no matter what.

Some have never liked it and have always wanted to take it apart. There was a memorandum leaked about 3 weeks ago from the White House that was interesting. It was from the chief strategist who is putting together this program to privatize a portion of Social Security. That memorandum said toward the end something that was very interesting. It said: This is the first time in six decades we have a chance to win this fight on Social Security. Of course, the whole implication of that is, we have never liked it, but we have had to bear with it. Now we have a chance to deal with it.

The administration, as announced by the President last evening, wants to make some changes. He says the Social Security system is in crisis. He predicted last night that at a certain time the Social Security system would be bankrupt. But it is not in crisis, and it will not be bankrupt. He is simply wrong.

Our colleague, former Senator Pat Moynihan, used to say: Everyone is entitled to their opinion, but not everyone is entitled to their own set of facts. I hope we can discuss this issue using the same set of facts, at least.

Let me begin by saying something most everyone would acknowledge. In the year 1935, when Franklin Delano Roosevelt signed the law that created Social Security to protect our elderly from what he called "poverty-ridden old age," one half of the senior citizens in this country were impoverished. Now it is slightly less than 10 percent.

Has the Social Security program worked? Of course, it has. It has been a remarkable program that has lifted tens of millions of senior citizens out of poverty. It has worked over the years unfailingly.

The President says it is in crisis. It is set to be bankrupt at some point. Therefore, let's make some changes. He says: Let's create private accounts with a portion of the Social Security system and invest it in the stock market.

What he didn't say last night was how he would do that. He would be required to borrow \$1 to \$3 trillion at a time when we are up to our neck in debt with the highest budget deficits in the history of America. He would borrow \$1 to \$3 trillion in additional funding, invest it in private accounts in the stock market, cut Social Security benefits at the same time, and say that somehow this is going to be better for our elderly. With great respect—and I

have great respect for this President—he is flat wrong.

I know he is telling us what he thinks will happen in the year 2020, 2040, 2050. Four years ago the President told us what he thought would happen in the next 10 years. He said: We will have the largest budget surpluses in history. Four years later, we have the largest budget deficits in the history of our country. This administration can't see 4 years ahead, let alone 40 years. Economic projections are very uncertain under the best of circumstances. You show me great economists and I will show you people who can't remember their address or their telephone number, but they can tell us with great certainty projections of 40 and 50 years. Of course, that is all nonsense.

All of us hope for a future that has robust economic growth. We hope things will be well. But we don't know. That is why 4 years ago, when the President was saying: We are going to have huge budget surpluses and let's provide very large tax cuts the bulk of which went to upper-income people let's do that right now, I stood up in the Senate and said: Maybe we ought to be a little conservative. What if these budget surpluses don't materialize? What if something happens? Never mind, they said. And so they put in place these policies. We now have the largest budget deficits in the history of the country. They say: What, us? We didn't do that.

Of course, this fiscal policy is way off track.

Now the President said last night that Social Security is broken. It is going to go bankrupt and somehow it must be fixed. He says it ought to be fixed by privatizing a portion of it, by putting it in the stock market and borrowing a substantial amount of money to accommodate that and cut Social Security benefits at the same time.

Let me go through a couple of points about that. This is from Paul Krugman of the New York Times. He says:

The actuaries predict that economic growth, which averaged 3.4 percent per year over the last 75 years, will average only 1.9 percent over the next 75 years. In the long run, profits grow at the same rate as the economy. . . . Any growth projection that would permit the stock returns the privatizers need to make their schemes work would put Social Security solidly in the black.

His point is an interesting one and central to the discussion. The President says there are serious financing problems with Social Security. He uses language such as "flat busted" and "bankrupt." They do that because the Social Security actuaries use a very conservative estimate of economic growth, much below the economic growth of the past 75 years. But then he says: If we put money in the stock market, that will have higher investment returns. And they base these higher returns on higher economic growth.

The point is, if you have the high economic growth that they use to

project these returns, the Social Security system doesn't need fixing at all. It doesn't need adjustments at all. It is well and able to be available for the long term. If we get any kind of reasonable economic growth, the Social Security system is fine for the long term. If we don't get the kind of economic growth we would hope and expect, then the investments in the stock market the President wants to make by taking Social Security funding away are not going to provide the returns he promises.

You can't have it both ways. You can't argue both sides of that. It doesn't make any sense. Mr. Krugman is right.

Peter Orszag from the Brookings Institute testified last Friday at a hearing I chaired:

. . . young workers today in the middle of the income distribution would experience a reduction in benefits of almost 40 percent, or about \$9,000 a year, even including the payout from the individual accounts included in the plan.

To better illustrate, this is from the Congressional Budget Office, a non-partisan office that we rely on. We fund it and rely on it, Republicans and Democrats, for our estimates. The Congressional Budget Office points out the Bush plan would not only slash guaranteed benefits but private accounts don't nearly make up for the loss.

In fact, workers will be worse off than they are now—much worse off, as you can see from the graph. The green represents the guaranteed benefit, and the workers would receive the yellow, which is the income from private accounts. As you see, it falls far short of what they would receive under the current Social Security program.

The Congressional Budget Office, which I referenced, said that the Social Security program can pay 100 percent of its benefits from now until 2052. After 2052, it can pay only 78 percent. That assumes that we have dramatically lower income growth for the next 75 years than we had in the previous 75 years. If we have any reasonable economic growth, we don't have any kind of a problem here. There is no shortfall. In 2052, the Congressional Budget Office says we would be about 22 percent short of paying full benefits. The benefits we would pay then will still be higher than we pay now in real terms.

If all of this happens, we will need to make adjustments in Social Security. But those adjustments don't represent a major surgery or a wholesale operation. They can be reasonably modest adjustments that keep Social Security whole and strengthen Social Security for the long term.

Let me show you what is happening with respect to the trust fund. The money that is taken out of workers' paychecks to put into the Social Security account is now more than is necessary to fund Social Security. This past year, \$151 billion more was collected in Social Security than is necessary. That is to be put into a trust

fund, not for the purpose of spending on other things, not for funding the war against terrorism, not for highways or health care or law enforcement; it is only for the purpose of funding Social Security. And so the trust funds are made up of Treasury bonds. That is what the money is used to purchase—a Treasury bond. That treasury bond then pays interest. This is what happens to those buildups of assets: \$1.68 trillion in 2004. It would be more than that in 2005, an annual surplus in Social Security trust funds. You can see what is happening on this graph all the way out to 2040. That is the taxes that are collected to be put into this account as well as the interest that is earned on these trust funds. You can see what is happening. It is not something that justifies someone calling this bankrupt or flat busted as some do.

Even Mr. George Will, a columnist who is a rather predictable and consistent conservative and has written for many years as a conservative voice, has said that this is not about economics, it is about philosophy. Why did he say that? Because the arguments for the President's plan don't stand on their own in terms of economics. They don't add up, they don't fit, and they don't square with the facts. It is about philosophy. It is about people who have not liked Social Security and would like to take it apart.

If we have any kind of robust growth—this is from the Social Security trustees' annual report—if we have optimistic economic growth assumptions, not the pessimistic ones, on the graph you see what happens: The trust fund assets go up out into the future past 2080. So this notion that somehow that is a crisis, there is an impending bankruptcy, the system is flat busted, is just wrong.

Once again, I respect very much the President. I understand that he has a right to offer these proposals. Some see this as novel and aggressive. He would see it as transformational. I happen to think there are some things that represent timeless truths. There are some values that to embrace is not old-fashioned, or if old-fashioned is worthy of credit. If it is old-fashioned to support a program that has worked well for 75 years and will work for the next 75 years and longer, which helps lift America's elderly out of poverty, then we should just accept the notion and plead guilty to being hopelessly old-fashioned, believing that this is the value that strengthens America.

When those who build in this country—the people who go to work every day, build the private companies, build the manufacturing plants, build the roads and the schools—when they retire and reach their diminished-income years, we don't want them living in poverty. That is why as a country we put together this program called Social Security as a basic insurance program.

Some say—England has gone to private accounts, and Chile, which everybody points to as a country which has

gone to private accounts—that means you can earn more in the marketplace. Let me talk about Chile. In Chile, the only program that exists are those private accounts. You don't have company pensions, for example; you have these private accounts. Do you know what happened in Chile? They are telling old folks: Why don't you delay retirement until the stock market comes back a bit?

That is the experience with Chile. In England, what we have discovered is the companies are charging massive fees, overcharging people. They have had bad experiences with these private accounts. In this country, the Social Security system has been there consistently, and it works. So the question is, why would we want to take apart something that works? There is such an urgency in this Congress to move toward policies that benefit those who are the most affluent. It is always a rush to do that. What about an urgency to support the kind of program that makes life better for those who have reached their retirement years? What about an urgency to support, strengthen, and preserve the Social Security system? That represents an important part of our value system in the Congress.

I know we debate a lot of issues here; some are big, some are little. Some treat the serious too lightly; some treat the light too seriously. Some people think we are just a bunch of windbags in blue suits. I understand that. But there are occasions in which we sink our teeth into something important and have a debate that matters. This is a debate that really does matter.

If President Bush is able to convince this Congress to begin taking apart the basic retirement insurance program that has lifted so many tens of millions of Americans out of poverty in their retirement years, I think this country will have lost ground, not gained ground.

I am not suggesting there are no changes that can be made from time to time. Most people do not realize that in Social Security, a change is being made now. In 1983, when there was a reform package dealing with Social Security, it was decided that people are living longer and better lives. Because of that, the age of retirement had to be increased. So it was—two months a year going from age 65 to age 67 retirement. That is happening. We are on the road, from now until another 20 years from now or so, to take the retirement age to 67. The Congress supported that. The President—Ronald Reagan at the time—supported that. That is underway. Adjustments have been made and will be made. But again, that doesn't justify someone claiming that there is bankruptcy pending in the Social Security program and that we ought to begin taking it apart.

I have told my colleagues previously about my uncle. I will do it again briefly. It describes what is happening in

our country. My uncle and aunt went to something called the Prairie Rose Games; I think it was probably 12 years ago. The Prairie Rose Games are the games in our State, like in many States, that give people of different age brackets an opportunity to engage in different sports. My uncle and aunt, I believe, were 72 at the time. They bowl. As they looked at what was going on, they saw mixed bowling. They thought, that is something we can do, so they entered bowling. They had driven down to the Prairie Rose Games in their small RV and pulled up in the campsite and looked at this and said: We are going to bowl.

My uncle, age 72, saw that they had foot races for people 70 and above and for all different age brackets. That was his age bracket. He entered three races. He had never run a race in his life. At age 72, he entered the 400, the 800 and the 3K. He won all three of them. He won all three easily at age 72. He thought to himself, this is really quite extraordinary. I appear to be faster than people my age. So he started running. He went to Minnesota and ran in the Minnesota games, and he went to South Dakota and ran in the South Dakota games. Then he went to Arizona and ran there. He also went to California.

My aunt thought he had a stroke. She thought it was the dumbest thing she had ever seen—this old man going all over the country engaging in races. My uncle has 43 Gold Medals. He discovered he could run faster than anybody his age. He just had a bout of illness, but up until about a year ago, he was still running at age 81.

That would not have happened 20 years ago or 40 years ago. Now people are living longer, healthier, more active lives, and good for them.

So all of these issues, to the extent there might be a strain on Social Security, not bankruptcy, but a strain on Social Security—this is born of success. People are living longer. It is not rocket science to fix these things. Small adjustments can be made if they are needed to be made. But given what is happening with our elderly in this country living longer, needing to rely more on Social Security—no one should decide now is the moment to turn our back on them. That does not make any sense. Or to decide a program that has enriched the lives of so many tens of millions of Americans somehow ought to be taken apart. Why? For philosophical reasons.

One of the leading conservative voices of the far right said Social Security is the soft underbelly of the welfare state. That tells you a little something of what is going on, doesn't it? It is not a worthy program; it is some sort of welfare. It is not, of course. People pay for their Social Security insurance. They paid for it every month they worked out of their paychecks. And when they reach retirement age, they do not know a lot of things, but they know this: That this country, as

good as it is, as big as it is, as wealthy as it is, as generous as it is, and as consistent as it is in values will continue to maintain a Social Security program that people paid for so that it is there.

It is certain to be there. It is not the risk part of retirement. It is the guaranteed part of retirement because people paid for it.

We have also said, in addition to Social Security, we want everyone to save more for retirement. So we have 401(k) plans, IRAs, and we say you get tax incentives for this and that. I support all of that. In fact, I believe we ought to have a two-step program instead of the President's plan as he outlined it last night.

The first step is to preserve and strengthen the Social Security program as it now exists for the long term, and we can do that without breaking a sweat. The most important thing is to preserve, protect, and strengthen Social Security. Don't take it apart. Preserve it and commit our country to do that.

Second, provide dramatic new incentives for retirement savings programs, IRAs, 401(k)s, and all the other programs we have to try to convince people to save more and invest more. I support that. That makes sense. But we ought not mix the two and decide to take apart Social Security and borrow \$1 trillion to \$3 trillion, stick it in the stock market, and cut Social Security benefits. That is a giant step in the wrong direction. We can do better than that. This Congress can do better than that, and the American people deserve better than that.

As I said before, this is about values and priorities. For example, you can fix whatever adjustments are necessary in Social Security by deciding that the tax cuts given to those whose incomes are half a million dollars a year or more need not continue.

Here is the choice: Tax cuts for people with half a million dollars a year in income or more, or make Social Security whole for 75 years and longer. That is the choice. That is just one of a dozen choices. It is an easy choice. It is a values question. What really is our set of priorities with respect to our commitment to America's elderly? What kind of country do we want to have? What do we think enhances and promotes value in this country?

Finally, as I have told my colleagues many times, I grew up in a town of 300 people. It is a town that had its own programs without Government, people taking care of people. It would be nice if that were the case all across the country, but we know that is not the case. So we put together certain efforts to incentivize people to take care of themselves, to invest for the future, to save for the future.

One part of that is Social Security. From 1935 until the year 2005, we can be proud of what this important Social Security program has done for our country. We ought to, in the spirit of Franklin Delano Roosevelt and in the

spirit of tens of millions of lives that have been enriched and pulled out of poverty because of this program, be dedicating ourselves to preserving and strengthening Social Security, not taking it apart, not borrowing money, not sticking Social Security money in the stock market, and not continuing to spend Social Security trust fund revenue on something for which it was not intended. But instead we should be putting our shoulder to the wheel and doing the right thing for this country.

We will have a great debate about this. A lot will be said about it. I do not attempt to tarnish anyone else who feels differently. I have respect for the President. We have a disagreement. I will not denigrate those who have a different feeling or who oppose my position, but I must say I feel very strongly about this issue because I think it is part of the core value system of this country.

This is a great, big, strong, wonderful, generous country, and doing the right thing is not very hard for this Congress in this circumstance.

Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX BREAK FOR COMPANIES

Mr. DORGAN. Mr. President, I will take just another minute. I understand none of my colleagues wish to speak. I was speaking without notes, so I did not mention something I intended to mention. Most Americans do not know that at the moment there is a flurry of activity going on that also relates to values.

This Congress, last year, passed legislation that contained a provision that is just Byzantine. It provides a tax break to companies that have, in many cases, moved their U.S. jobs overseas, earned income overseas, kept the income over there, and, under what is called a deferral, are not having to pay taxes on it in this country.

We have a tax break for companies that shut down their American plant, move their plant overseas, earn income overseas, do not bring the income back, and they get what is called a deferral. They do not pay taxes.

At some point, however, when they want to bring their income back to this country, they have to pay income taxes just as Americans do, and the companies that stayed here do, and the people who work for those companies do. Except last year, this Congress decided to give a big break to those who would repatriate their income from overseas profits.

There is some \$600 billion in income earned overseas that has not been repa-

triated and on which income taxes have not been paid. So guess what. This Congress said to all those big companies that made all this income overseas, some of which was made by shutting down their American plant and moving the jobs overseas: If you bring that money back, we will give you a deal. You get to pay income tax at the rate of 5.25 percent—5.25.

Do you know of anybody else working in this country who gets to pay a 5.25-percent income tax. How about the people working at the 7-Eleven at the counter, a person who is changing oil in a car, a person who is working on a road crew, do you think any of those people are paying 5.25-percent income tax on their earnings? No, they are not. The lowest bracket in the income system in this country is 10 percent, and it goes up to 35 percent. But now we have a new low bracket, and it is a special bracket. For those who earned income overseas and now repatriate the income to this country, some of which came as a result of moving American jobs overseas, they get to pay income taxes at 5.25 percent.

It reminded me of that great old song by Tom Paxton, "I Am Changing My Name to Chrysler." This country gave a big loan to Chrysler many years ago when Mr. Iacocca was with Chrysler. It was very controversial. Tom Paxton wrote a song. He says:

Oh the price of gold is rising out of sight
And the dollar is in sorry shape tonight.
What a dollar used to get us
Now won't get a head of lettuce
No the economic forecast is not bright.

Then he goes on to talk about who gets the benefits and who pays the bills. At some point, I will read the entire lyrics to this song.

It is a little like my colleague from Texas who knows about Bob Wills and his Texas Playboys, a lyric from a song of the 1930s that goes: The little bee sucks the blossom but the big bee gets the honey. The little guy picks the cotton and the big guy gets the money.

Guess what. There is a lot of that spirit in the breasts of those who serve in this Congress who believe we ought to offer a 5.25-percent income tax rate to just a special group of people, those who have some \$600 billion parked overseas.

What about a 5.25-percent income tax rate for all Americans? Or what about charging those who repatriate that income the regular income tax rate and put that money into the Social Security system? Once again, it is a question of priorities and values and this Congress came up short on this issue.

Very few people know that at the moment there are lawyers, accountants, and business executives scurrying around trying to figure out how they are going to take advantage of a special income tax rate that only they get, and the folks who work hard in this country and take a shower at night because they worked in tough conditions all day, they get to pay 10, 15, 25 or 30 percent income taxes.

Maybe, as Tom Paxton said in "I Am Changing My Name to Chrysler," we need to change our name so we get some of that 5.25-percent income tax rate. Maybe ordinary Americans ought to get some of that. Again, it is about values and about priorities.

I am going to talk more about this subject because the American people need to understand what this Congress did. It is about cotton and honey and big guys and big bees, and I will talk more about it in the future. I was thinking about it while I was talking about Social Security and priorities and values. It is something the American people ought to understand. There is a special deal out there and it is not for them, regrettably, because this Congress decided they are not worthy. It is just the big interests that are worthy of the 5.25-percent income tax rate.

HONORING THE 94TH ANNIVERSARY OF PRESIDENT RONALD REAGAN'S BIRTH

Mr. ALLEN. Mr. President, I rise to speak about an American success story. It is one that ended, at least his life on Earth, in June of last year. It is to the story of a man who rose from humble beginnings and surroundings to become a leader. In fact, he became one of, if not the greatest leaders, in the 20th century, and I am talking about President Ronald Reagan.

This coming Sunday, February 6, would have been President Reagan's 94th birthday. I hope this weekend, when so many people in America will be watching the Super Bowl and all the festivities surrounding it, they will take a moment to remember not only Ronald Reagan's birth but to reflect on the positive impacts his life has had on so many people in America and around the world.

He was a man who stood strong for enduring foundational principles in the face of conflict and adversity at home and who faced down the Communist menace abroad. Through it all, he never lost touch with the decency and the morality of America that we aspire for in our leaders and indeed all of our citizens.

A few weeks ago, I took what I called a Ronald Reagan pilgrimage with my wife Susan and our three young kids to southern California. We went to the gravesite of the Reagan Presidential Library. There is also a museum, which is wonderful, and tells his whole life story.

We also trekked up through all the rains and floods and fog, up to Rancho del Cielo, the Reagan ranch. There, at that ranch, you see the core of Ronald Reagan, the substance of him. He spent 1 out of 8 days as President up at this ranch, which is 600 acres. It is a very humble place—small, as far as the housing. It had a small shower. He must have been elbowing that shower all the time, trying to take a shower there. That is where he rode his horses, cut wood, trimmed trees. You could see